

GRADWORKS INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2008

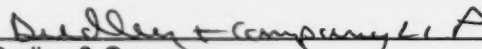
AUDITORS' REPORT

To the Members
Gradworks Inc.

We have audited the statement of financial position of **GRADWORKS INC.** as at December 31, 2008 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

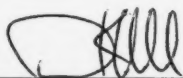

Dudley & Company
Chartered Accountants LLP

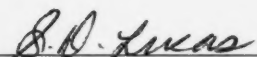
Regina, Saskatchewan
February 4, 2009

GRADWORKS INC.
STATEMENT OF FINANCIAL POSITION
As at December 31

	2008	2007
ASSETS		
Cash	\$ 97,608	\$ 807,118
Accounts receivable (Note 4)	<u>3,325</u>	<u>18,219</u>
	<u>\$ 100,933</u>	<u>\$ 825,337</u>
LIABILITIES		
Accounts payable	\$ 10,329	\$ 10,238
Deferred revenue (Note 5)	71,684	793,558
Accrued vacation expense	<u>18,920</u>	<u>21,541</u>
	100,933	825,337
NET ASSETS	<u>-</u>	<u>-</u>
	<u>\$ 100,933</u>	<u>\$ 825,337</u>

(See accompanying notes)

_____, Director

_____, Director

GRADWORKS INC.

STATEMENT OF OPERATIONS

For the Year Ended December 31

	2008	2007
REVENUES		
Operating grants from CIC (Note 5)	\$ 1,721,874	\$ 1,738,809
Interest	<u>9,322</u>	<u>10,418</u>
	<u>1,731,196</u>	<u>1,749,227</u>
EXPENSES		
Internship salaries and benefits	1,676,922	1,677,520
General administrative and other	<u>54,274</u>	<u>71,707</u>
	<u>1,731,196</u>	<u>1,749,227</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ -</u>	<u>\$ -</u>

(See accompanying notes)

GRADWORKS INC.**STATEMENT OF CASH FLOWS****For the Year Ended December 31**

	2008	2007
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ -	\$ -
Items not involving cash:		
Decrease in accounts receivable	14,894	39,920
Increase in accounts payable	91	742
(Decrease) increase in accrued vacation expense	(2,621)	8,327
(Decrease) increase in deferred revenue	(721,874)	721,191
Cash (used in) provided by operating activities	(709,510)	770,180
NET CHANGE IN CASH DURING YEAR	(709,510)	770,180
CASH POSITION, BEGINNING OF YEAR	807,118	36,938
CASH POSITION, END OF YEAR	\$ 97,608	\$ 807,118

(See accompanying notes)

GRADWORKS INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

1. Status of the Corporation

Gradworks Inc. (the Corporation) was established on December 22, 2004 under *The Non-profit Corporations Act, 1995*. The Corporation is a wholly-owned subsidiary of Crown Investments Corporation of Saskatchewan (CIC), a Saskatchewan provincial Crown corporation. Accordingly, the accounts of the Corporation are consolidated in the annual financial statements of CIC.

Gradworks is mandated to fund internships to qualified Saskatchewan graduates within provincial Crown corporations. The Corporation provides career development programs and mentorship to recent post secondary graduates while providing provincial Crown corporations with access to young professionals.

CIC provides grants to the Corporation to fund its operations.

2. Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The following are considered to be significant:

a) Measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Actual results may differ from those estimates and would impact results reported in future periods.

b) Financial instruments

The following is a summary of the Corporation's financial instruments, their classification and measurement basis:

- Cash is measured at cost which approximates fair value due to its short-term maturity.
- Accounts receivable are classified as loans and receivables and are measured at amortized cost.
- Accounts payable, deferred revenue and accrued vacation expense are classified as other liabilities and are measured at amortized cost.

c) Revenue recognition

Operating grants are received from CIC. Operating grants are approved by Order in Council and recognized as revenue as expenses are incurred.

GRADWORKS INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

3. Change in accounting policy

Effective January 1, 2008, the Corporation adopted the accounting recommendations for financial instruments - disclosures (CICA Handbook Section 3862) and financial instruments - presentation (CICA Handbook Section 3863) in accordance with the transition provisions of the sections. These sections replace the existing disclosure and presentation recommendations contained in financial instruments - disclosure and presentation (CICA Handbook Section 3861). The new disclosure standards increase the disclosures related to financial instruments, and the nature, extent and management of the Corporation's risks arising from financial instruments. The presentation standards carry forward unchanged from the former presentation requirements. As these standards only address disclosure and presentation requirements, there is no impact on the Corporation's operating results.

4. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations related to the Corporation by virtue of common control by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms.

Included in Accounts Receivable is \$1,606 (2007 - \$15,277) due from CIC and related Crown Corporations.

Other transactions and amounts due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.

CIC provides management services to the Corporation without charge.

5. Operating Grants and Deferred Revenue

Operating grants are recognized as revenue as operating expenses are incurred. The difference between funds forwarded from CIC and operating expenses has been recorded as deferred revenue. Amounts recorded as deferred revenue are determined as follows:

	2008	2007
Opening deferred revenue	\$ 793,558	\$ 72,367
Operating funds provided by CIC	1,000,000	2,460,000
Less: Operating grant revenue	<u>(1,721,874)</u>	<u>(1,738,809)</u>
Deferred Revenue	<u>\$ 71,684</u>	<u>\$ 793,558</u>

